

**FEATURING BEST PRACTICES
OF STATE AGENCIES AND INSTITUTIONS OF THE
COMMONWEALTH OF VIRGINIA**

Debt Management Division

Using Plain English in Bond Offering Documents

**Department of the Treasury
implemented this best practice
in January 1998**

*Qualifying under the
Best Practices catalogue*

3 Provide Capabilities
31 Manage resources and capabilities
312 Deliver products and services to customers

**Best Practice Summary
(how it works, how you measure it)**

Offering documents (i.e., preliminary and final Official Statements) are produced and distributed to potential buyers and final purchasers of bonds issued by the Commonwealth of Virginia and its issuing entities. These documents provide a description of the bonds, the security therefore and other information used and relied upon by purchasers to gauge their interest in purchasing the bonds for their portfolio or those of others. As a municipal issuer, the Commonwealth is generally exempt from the U.S. securities laws except for the anti-fraud provisions of the Securities Exchange Act of 1934.

In January 1997, the Securities and Exchange Commission (SEC) published a handbook in which it described certain methods by which issuers (corporate and municipal) could improve the

readability and understandability of offering/disclosure documents. Simultaneously, SEC Chairman Arthur Levitt began calling on all market participants to improve disclosure and stressed using “plain English” where possible. In July 1997 the Virginia Department of the Treasury met with their bond counsel in the first of a series of meetings to discuss the issue. As a result, beginning in 1998, Treasury began the process of converting offering documents to a “plain English” format for bonds issued by entities staffed by Treasury. This is an ongoing process. In August 1998, the SEC issued its *Plain English Handbook* in which it provided further guidance. The Commonwealth was one of the first states and one of the first issuers in the Commonwealth to totally convert the front page of all of its offering documents to a summary form easy-to-read format. We have received favorable comments from investors for these efforts.

Impact on the Process Organizational Performance (OUTCOMES)

Investors in obligations of the Commonwealth and those issuing entities staffed by Virginia Department of the Treasury have found the offering documents easier to read and understand. While difficult to quantify, this may result in more buyers (particularly retail buyers) which through increased competition would result in lower interest costs for the citizens of the Commonwealth.

Best Practice Qualification

The Commonwealth was recognized as a pioneer in the use of “plain English” disclosure.

For Additional Information

Department of the Treasury
101 North 14th Street, 3rd Floor
Richmond, VA 23219

P. O. Box 1879
Richmond, VA 23218-1879

Gary Ometer

(804) 225-4929
gary.ometer@trs.state.va.us

Arthur N. Bowen, III
(804) 225-2391
arthur.bowen@trs.state.va.us